Council on Virginia's Future

Performance Budgeting Update

Richard D. Brown
Secretary of Finance

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Overview: Key Elements of Performance Budgeting (Virginia Performs)

- Agencies have updated and revised their strategic plans.
  - Agency plans are informational and aspirational.
  - Service area plans are more operational (linked to budget).
- Agencies have articulated performance objectives.
  - Key agency objectives are for performance management.
  - Service area objectives for individual program performance.
- Agencies have updated and reported performance data.
  - Key agency performance measures.
  - Service area performance measures.
- All elements are available on the Virginia Performs website.

Comprehensive Services Act

Key Measure: *We will increase the proportion of children served at home, in school, and in the community.*

- Between FY 2004 – FY 2007, the program grew at an average rate of 8 percent per year.
- Program growth exceeded 16 percent from FY 2007 to FY 2008 with massive expenditure increases occurring in residential costs.
- The significant growth prompted implementation of several initiatives designed to enable and encourage localities to build community and family-based options. The full implementation of these initiatives at the beginning of FY 2010 included an increased state match for community-based services, increased foster care rates, an expansion of foster care prevention services, and a decrease in the state match for residential services.
- As a result, program spending in 2009 dropped four percent for the first time since Medicaid was introduced to the program in 2001. Residential spending dropped by twenty percent and community-based spending grew by eight percent.
- Community-based spending accounted for 13.1 percent of the program budget in FY 2008, and grew to over 22.3 percent of the budget in FY 2009.
- The state continues to see a movement towards community and family-based care. Statewide, the number of children in group care dropped from 1,922 in December of 2007 to 1,166 in October of 2009. The percentage of children in group care dropped from 25.4 percent in December of 2007 to 18.8 percent in October of 2009.
- The reduced reliance on residential care and the full implementation of initiatives have provided a savings of $36.3 million GF in FY 2010, and continued savings of $31.2 million GF in both FY 2011 and FY 2012.

Performance Budgeting – The Next Level

On-going

- Programs for continual process improvement in place for strategic planning and performance measurement.
- Train agencies on strategic planning and performance measurement development and techniques.
- Improve data capture and analysis.

Next Level

- Integrated data, analysis tools, and business intelligence (reporting).
- Allow the Commonwealth to determine and deploy best business processes.
- Improve budget decision-making by providing the ability to systematically link strategic and service area plans, performance measures, and budgets.
- Analysts will be able to spend more time reviewing and analyzing proposals as opposed to repetitive data entry and double-checking and verifying data integrity.

Performance Budgeting Scope

- Major process re-engineering and software implementation effort designed to:
  - Minimize risk of dependence on older technologies.
  - Increase effectiveness and efficiency by replacing numerous disparate systems with a fully integrated enterprise performance budgeting system.
  - Position the Commonwealth to exploit emerging technologies.

Performance Budgeting System Components

- Functionality to input, modify, and store performance budgeting data.
- Tools for analysis, forecasting, and development of "what if" scenarios.
- Automated workflow.
- Word processing and publishing.
- Enhanced standard and ad hoc reporting capability.
- Custom interfaces to Commonwealth legacy systems.
- Enhanced budget development and monitoring functionality for agencies.